



U.S. Department  
Of Transportation  
**Federal Transit  
Administration**

Headquarters

1200 New Jersey Avenue S.E.  
Washington DC 20590

June 27, 2008

Dear Colleague:

As you know, the recent rise in fuel prices has strained many public transit agencies' operating budgets and has made it difficult for agencies to sustain existing levels of service. I want to share with you information on funding resources and technical assistance programs that may help your agency mitigate the impacts of the rising price of gasoline and diesel.

Several of the Federal Transit Administration's (FTA's) formula grant programs allow recipients to fund operating expenses, including fuel costs, at a 50 percent Federal share. Recipients of funding under the Nonurbanized Formula Grant Program (Section 5311), Job Access and Reverse Commute Program (JARC, Section 5316), and New Freedom Program (Section 5317) can amend their project budgets to reprogram funds towards fuel expenses, provided that the services funded under these programs continue to meet the eligibility requirements under FTA's program circulars.

In addition, as of June 2008, the majority of JARC and New Freedom formula funds appropriated in Fiscal Year (FY) 2006 remain unobligated and these funds are scheduled to lapse after September 30, 2008. I encourage you to take advantage of these sources of funding this summer. (Lapsing JARC and New Freedom funds will return to their respective programs and be reapportioned among all states and large urbanized areas in FY 2009).

You also should know that on May 22, 2008, FTA published a Notice of Funding Availability for the FY 2008 Clean Fuels Grant Program. In FY 2008, \$28,753,000 in Clean Fuels Program funds are available to fund capital projects in areas that are in non-attainment for ozone or carbon monoxide. Eligible activities include projects related to clean fuel, biodiesel, hybrid electric, or zero emissions technology buses, which have the potential to reduce gasoline consumption as well as improve air quality. The deadline for responding to this Notice of Funding Availability is July 21, 2008. A copy of the Notice is available at [http://www.fta.dot.gov/laws/leg\\_reg\\_federal\\_register.html](http://www.fta.dot.gov/laws/leg_reg_federal_register.html).

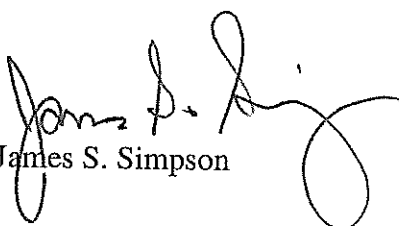
FTA also encourages transit agencies to seek training and technical assistance in implementing Environmental Management Systems (EMS). An EMS is a set of operational procedures that allows an organization to set specific environmental goals for its operations and measure its performance in achieving these goals. Agencies that have an EMS program in place have reported an increase in energy efficiency of their vehicles and facilities, as well as increased cost savings over time. More information about training and technical assistance in EMS can be obtained by contacting the FTA Office of Planning and Environment at (202) 366-1626.

Technical assistance is also available to respond to rising fuel prices. The Community Transportation Association of America (CTAA) has created a national purchase program with the private sector

designed to give rural transit providers the lowest possible costs for fuel as well as fuel rebates. More information on the Community Transit Energy Management Initiative can be found at <http://www.ctaa.org>. In addition, the American Public Transportation Association (APTA) has published recent survey information on how its members are coping with rising fuel prices, and this information is available at <http://www.apta.com>.

We recognize that the rising gas prices offer an opportunity to attract new riders to public transit but rising prices also have a notable impact on agency operating expenses. FTA seeks to provide funding flexibility, within the confines of our existing grant program requirements and technical assistance to help your agency manage rising energy costs. If you have any questions or would like additional information on this topic, please feel free to contact me directly at (202) 366-4040 or Ms. Susan E. Schruth, FTA Associate Administrator for Program Management at (202) 366-4020.

Sincerely,



James S. Simpson